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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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State Department review completed

22 May 1970

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Cambodia: The Communists are becoming more active in western Cambodia.

A train on the rail link between Battambang and Phnom Penh was derailed on 20 May, the first time service has been interrupted on this potentially vital transportation route. The Communists also damaged a bridge on Route 6, which connects the Cambodian capital with Siem Reap city. Both actions probably were carried out by indigenous Cambodian Communist insurgents.

The level of insurgent activity in the west has been surprisingly low since Sihanouk's ouster, but this situation is changing. Small insurgent groups have been asking plantation owners in Battambang Province to quit planting rice, implying that they would take measures to enforce such a ban. The larger planters, unlike some of the smaller landholders who have stopped planting operations, claim they will not be intimidated by the insurgents. Battambang is Cambodia's major rice-producing area, and disruptions there would place additional strains on the economy.

In Kompong Cham Province, government forces have again attacked the town of Tonle Bet on the east bank of the Mekong. The brunt of the fighting reportedly is being borne by a battalion of Khmer Krom mercenary troops.

On the political side, the first public demonstration of anti-South Vietnamese sentiment has appeared in Phnom Penh. Cambodian students displayed signs holding the US responsible for the "barbarous" behavior of South Vietnamese troops and asked the US for additional Khmer Krom mercenaries to help chase out South as well as North Vietnamese invaders. The signs were removed quickly by government authorities, but they were seen by journalists. A South Vietnamese official in Phnom Penh told a US official that, if there were such incidents as those cited in the signs, they were a part of war, and the South Vietnamese Army had done similar things to its own people.

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West Germany - East Germany: At the summit meeting in Kassel, Chancellor Brandt offered a 20-point treaty proposal, while Premier Stoph repeated Pankow's standard demand for full recognition under international law.

Brandt's proposals, partly foreshadowed in earlier press reports, called for a joint renunciation of claims by both sides to represent or act for each other, a statement of respect for Four-Power rights in Berlin and Germany, a promise to foster participation of the two German states in international organizations, and an exchange of "plenipotentiaries of ministerial rank." Brandt also upheld the idea, however, that the two states belong to a single nation, and he did not offer full recognition under international law. In addition, he asserted that ties between West Berlin and West Germany should be respected.

Stoph's initial statement did not deal with Brandt's proposals, but instead repeated familiar East German demands. [REDACTED]

[REDACTED] it appears that Stoph did not foreclose the possibility of future discussions aimed at reaching a modus vivendi.

The meeting was marked by tension arising from the rival demonstrations of left- and right-wing elements. [REDACTED]

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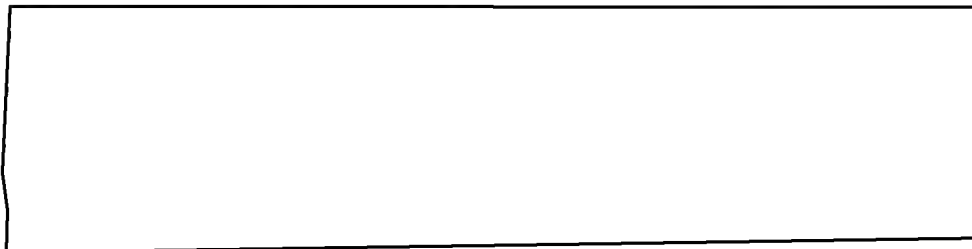
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Brazil: The army would like to "Go American" in its modest modernization program.

Despite offers of more sophisticated equipment from third countries, Brazil wants less costly, conventional US equipment. Planned military expenditures center on the acquisition of armored personnel carriers and light tanks to answer the internal security threat from leftist subversion.

Total expenditures would amount to about \$40 million, spread over four years. These plans come at a time when Brazil's economy is showing increasing strength and can bear such costs.

A favorable US response would assuage the military, many of whom are disappointed and discouraged over what they regard as US failure to approve the purchase of jet aircraft and to provide sufficient financing for ship construction. They claim this forced Brazil to turn to France for Mirage aircraft and to Britain and West Germany for naval hardware.



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Luxembourg: The Socialist Party, Luxembourg's leading political opposition, is struggling to prevent a formal split over the desire of its left wing to collaborate with the Communists.

The current dispute arose earlier this year when the dominant left-wing faction of the Socialist Party in Luxembourg's second largest city, Esch, formed a coalition government with the Communists following local elections. This was done despite objections by the national party leadership.

At a national congress on 3 May, party members disagreed sharply over what to do about the two factions in Esch and over the question of collaboration with the Communists in the city's town council. The party postponed decisions on these issues until fall when a special congress will be held. Meanwhile, a conciliation commission was created to work out a solution. The congress also resolved to review the party statutes and to redefine party ideology at the fall meeting.

Adding to the party's woes was the resignation of its president, Henry Cravatte, a moderate, who left to clear the way for a new leader who might unify the party. The party has not accepted his resignation, however, and in the meantime the vice-president is acting president. Cravatte's resignation and the congress' resolutions make it clear that the Socialists are reluctant to force a complete split in the party ranks. In fact, the party will probably move at the fall congress to accommodate the left wing. If the party agrees to collaborate with the Communists, they will gain a degree of respectability not previously enjoyed in Luxembourg.

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Peru: The strict new exchange control decree has embroiled Peru with the International Monetary Fund (IMF) and may make it difficult for the regime to obtain new foreign credit. Peru has been told it can no longer draw on the IMF's \$35-million loan because the exchange controls violate its IMF standby agreement. Peru's foreign debt rescheduling agreements may also be in jeopardy because the maintenance of continued good standing with the IMF was a condition for their negotiation early this year.

[REDACTED]

* * * *

Barbados: Prime Minister Barrow has banned the Second Regional Black Power Conference originally scheduled for July because conference organizers cannot guarantee there will be no disturbances or violence.

[REDACTED]

[REDACTED]

Guyana is the most likely site in view of Prime Minister Burnham's policy of accommodating the black power movement, although he may have some reservations about hosting such a meeting.

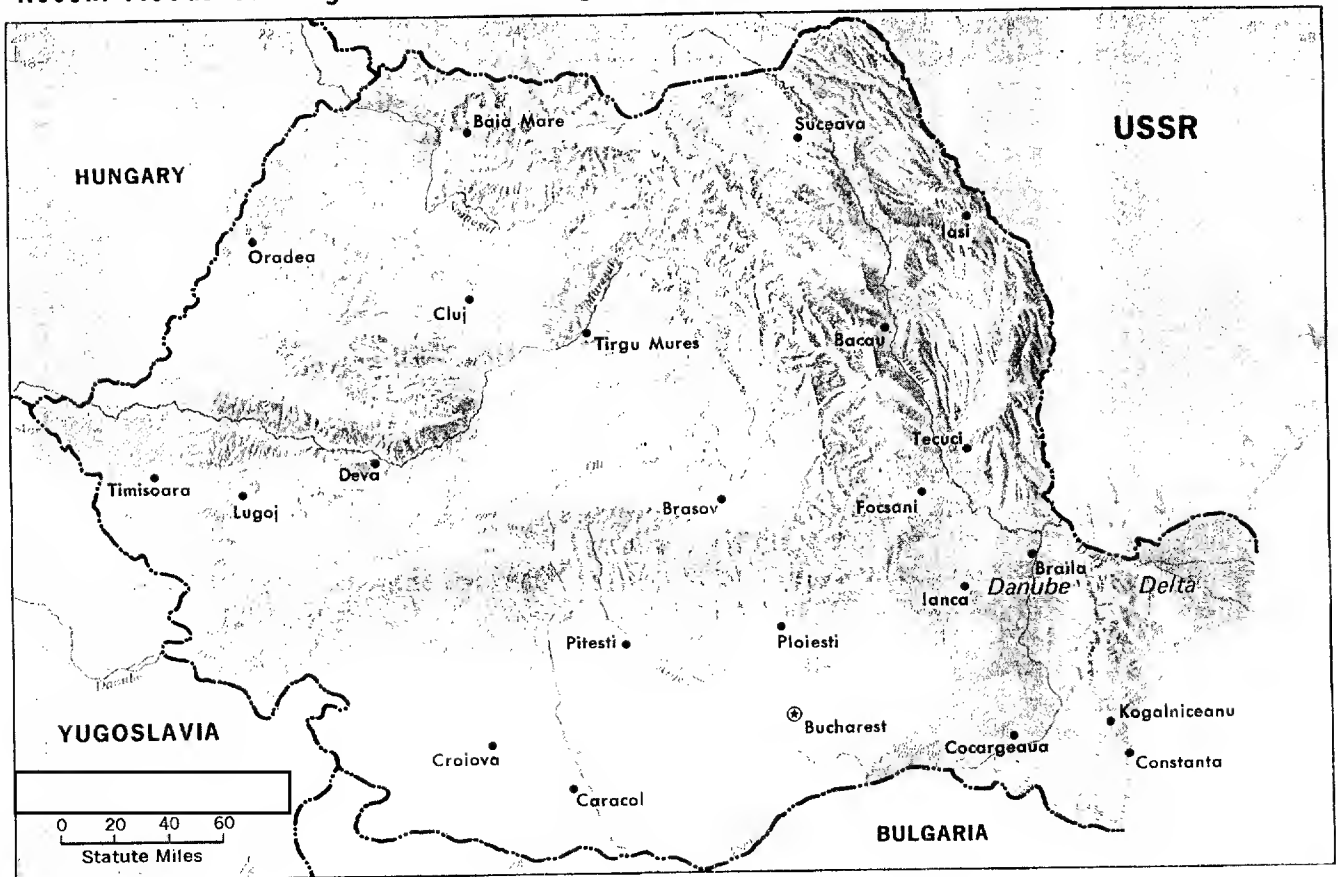
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Recent Floods Causing Extensive Damage in ROMANIA

General area of major flooding



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Romania: Flooding has caused extensive economic losses, with approximately 120,000 homeless, over 100 dead, and over 1.1 million acres of farmland under water. Transportation is disrupted and industries are at a standstill in affected localities. Although flood waters are subsiding slightly in northern Romania, the Danube River now is overflowing into the delta area. Rains are continuing, and over one half of the country is suffering damage. East Germany and Yugoslavia are the only Communist countries thus far to offer relief, but several Western European countries have followed the US lead in extending emergency help. The USSR, which is also affected by the floods, did not offer any sympathy or aid despite the 18-19 May Ceausescu visit to Moscow for party talks. [REDACTED]
(Map)

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NATIONAL INTELLIGENCE ESTIMATES

The United States Intelligence Board on 21 May 1970 approved the following national intelligence estimates:

NIE 75/76-70	"The Horn of Africa," [REDACTED]	25X1
NIE 91-70	"The Outlook for Argentina," [REDACTED]	25X1

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